

**THE SCHOOL ADMINISTRATOR
and Uniform Compliance Guidelines
ISSUED BY THE STATE BOARD OF ACCOUNTS**

Volume 129, Page 1

March 1995

ITEMS TO REMEMBER

- March 1: Prove the Fund Ledger and Ledger of Receipts for the month of February to the control of all funds and reconcile with the depository statements. Prove all receipt accounts for each fund to total receipts for that fund. Prove the Ledger of Appropriations, Allotments, Encumbrances, Disbursements, and Balances to the total disbursements of the control account of the Fund Ledger. Prove all expenditure accounts within each program to the total disbursements of that program.
- March 20: Last day to report and make payment of state and county income tax withheld during February to the Department of State Revenue. (Please review Volume 100, December 1987, "The School Administrator")
- April 1: Prove all ledgers for the month ending March 31 as outlined for the month of February.
- April 14: Good Friday - Legal Holiday (IC 1-1-9-1)
- April 15: On or before this date the board of school trustees of the school corporation located wholly or partially within the county and having the greatest taxable valuation of any school corporation in the county shall select one of its members to serve as a member of the County Board of Tax Adjustment (IC 6-1.1-29-1). IC 6-1.1-29-9 provides that the county council may adopt an ordinance to abolish the County Board of Tax Adjustment. The ordinance must be adopted by July 1 and may not be rescinded in the year it is adopted.
- April 15: State Teachers' Retirement Fund Employing Officials' Report of Teacher Contribution Deductions for the third quarter of 1993-1994 school year Form is due in the office of State Teachers' Retirement Fund Board. IC 21-6.1-7-9 provides "If the treasurer of a school corporation or the township trustee fails to make the reports as required in section 7 or 8 of this chapter, the school corporation which that officer serves is ineligible to receive any distribution of money from the state for school purposes until the reports and payments are received and approved by the board."

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ITEMS TO REMEMBER
(Continued)

- April 20: Last day to report and make payment of state and county income tax withheld during March to Department of State Revenue, Indiana Government Center North, Indianapolis. Please review Volume 100, December 1987, "The School Administrator."
- April 30: Last day to file federal quarterly report, Form 941, to the Internal Revenue Service for federal and social security taxes for the first quarter of 1994.
- May 1: Prove all ledgers for the month ending April 30 as outlined for the month of February.
- May 1: School corporations not wishing to renew teachers' contracts (non-permanent teachers) for the 1995-96 school year shall notify such teachers not later than May 1, 1995 in writing, delivered in person or mailed by registered or certified mail, that such teachers' contracts will not be renewed for the succeeding school year. Any teacher so notified may request a written statement showing reasons for dismissal (IC 20-6.1-4-14).
- May 20: Last day to report and make payment of state and county income tax withheld during April to Department of State Revenue, Indiana Government Center North, Indianapolis. Please review Volume 100, December 1987, "The School Administrator."
- May 29: Memorial Day - Legal Holiday (IC 1-1-9-1).

MONTHLY BANK STATEMENTS AND CANCELED CHECKS

At the close of each month, the treasurer of the school corporation should receive a monthly statement from each designated depository which should include all checks paid through the bank and canceled during the period covered by the statement. IC 5-13-6-1 provides in part "On or before the fifth day of each month, all local officers shall file with the secretary of the proper local board of finance a verified statement that reconciles, as of the last day of the preceding month, the balance of public funds as disclosed by the records of the local officers with the statement of the balance made by the respective depositories used by the officers."

The State Board of Accounts' audit position is that all canceled checks should be retained in the file with the bank statement with which they were returned. This will facilitate any future reference of one to the other that may be necessary for either accounting or audit purposes.

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PROMOTION EXPENSE OF SCHOOL CORPORATION

Account 23160, Promotion Expense has been established for expenditure authorized by IC 20-5-2-2 (2.5) "To appropriate from the general fund an amount, not to exceed the greater of three thousand dollars (\$3,000) per budget year or one dollar (\$1) per pupil, not to exceed twelve thousand five hundred dollars (\$12,500), based upon the school corporation's previous year's average daily membership (as defined in IC 21-3-1.6-1.1) for the purpose of promoting the best interests of the school corporation by:

- (A) the purchase of meals, decorations, memorabilia, or awards;
- (B) provision for expenses incurred in interviewing job applicants; or
- (C) developing relations with other governmental units."

PAYMENT OF TUITION FEES FOR TEACHERS

Our attention is directed upon occasion to an isolated provision adopted by boards of school trustees or other governing bodies for reimbursing teachers for tuition fees and the cost of books for college and university courses. These courses are attended to meet requirements for professional improvement. The cost of any college course taken by teachers, whether during summer vacation or by evening extension classes during the period schools are in session, is the financial obligation of the teacher. The same applies to other employees of the school corporation. However, a school corporation could consider the provisions of IC 20-5-1.5-1 et. seq, home rule and we could so note accordingly in the audit report.

The governing body may include in the salary schedule certain interim steps between college degree levels by providing salary adjustments for the completion of a specific number of college credits beyond a bachelor's or master's degree. The present language of IC 20-6.1-5-1 authorizes a school corporation, as part of a negotiated contract, to base a teacher's position on a salary schedule on training and experience completed as of the first day of school or as of another date in the school year as agreed upon by the school employer and the exclusive representative. Attorney General Official Opinion No. 14, dated August 22, 1975, states in part the following conclusion:

"It is, therefore, my Official Opinion that (1) a school corporation which has agreed to a salary schedule which bases teachers' pay on training and experience completed as of the first day of service in the current school year, may, as part of that agreement, authorize an adjustment in teachers' pay during the school year by considering training and experience completed as of another date later in the school year . . ."

A school corporation which utilizes this amended provision must consider carefully the fiscal impact, since IC 20-7.5-1-3 Employment Relations Act expressly states that "any contract which provides for deficit financing shall be void to that extent."

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BUS DRIVERS - METHODS OF PAYMENT

If a school corporation owns in its entirety the school bus equipment, the school corporation may employ school bus drivers in the same manner as other non-instructional employees are employed. However, each employment contract shall be in writing. Deductions from salaries of "employees" driving school corporation owned equipment must be made in the same manner as deductions from the salaries of other non-instructional employees.

For bus drivers owning part or all of the transportation equipment (as an independent contractor), contracts shall be entered into after advertising and receiving bids or negotiating pursuant to IC 20-9.1-2-4-2. These drivers have been considered independent contractors and not employees of the school corporations.

Payments should be in accordance with applicable Internal revenue and State Department of Revenue Reporting Requirements.

ADMINISTRATIVE EXPENSES P.L. 97-35 CHAPTERS I AND II

Allowable maximums for administrative expenses under E.C.I.A. Chapters I and II are 5% and 10% respectively. Administrative salary expense is governed by federal and state regulations. Salaries of Superintendents of School Districts, Assistant Superintendents, Treasurers of School Districts, Principals of Schools and their Assistants are regularly paid from the General Fund of the School Corporation as necessary operating expenses. Normally the positions are covered by full-time contracts and cannot be reimbursed with Chapter I and II funds. Payments of salaries to these individuals could be considered as supplanting of expenses regularly paid from other school funds. Reimbursement for services provided by these staff positions for these federal funds may be recouped by claiming an Indirect Cost Expense based on the approved school corporation rate. Payments of salaries to a less than full-time treasurer, bookkeeper, teacher or aide whose time can be documented as to which Chapter served, should be included as a direct expense on the budget. If a person's salary is paid from more than one fund source, a time log must be maintained to substantiate the charges to each of the applicable funds.

A.D.A. FLAT GRANT

Uses of the A.D.A. Flat Grant distribution are described in IC 21-3-4.5-2, which provides in part: "(1) The school corporation may use for its current operating expenses no more than the greatest total dollars it used for operating expenses from the ADA flat grant distribution account in any of the following calendar years - 1973 through 1993. (2) The school corporation, if it has debt service, shall use for debt service any remaining amount in the distribution after subtracting any amount used under subdivision (1). (3) The school corporation may use for the capital projects fund or current operating expense any remaining amount in the distribution after subtracting the amount used under subdivision (2). (4) The budgets of the various school corporations must reflect the anticipated receipts

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A. D. A. FLAT GRANT (continued)

from the state ADA flat grant distribution account. Appropriations shall be made as other appropriations are made."

INTEREST INCOME

IC 21-2-15-12 provides "Interest on the capital projects fund, including the fund's pro rata share of interest earned on the investment of total money on deposit, shall be deposited in the fund. However, the governing body may adopt a resolution to transfer any interest earned on money on deposit in the capital projects fund to the school corporation's general fund."

IC 5-13-9-6 provides in part: "(a) All interest derived from an investment by a political subdivision or by any other local public officer under the authority granted by section 3 of this chapter shall be deposited, except as otherwise provided by law, in the general fund of the investment authority or in any other fund its governing body designates specifically or by rule, subject to the modifications and limitations in this section.

(b) Interest from the following investments shall be receipted as follows:

- (1) Interest from investments of funds of a political subdivision that are traceable to United States government funds must be receipted to the fund of which they are a part, if required by federal law or regulation.
- (2) Interest from investments of funds controlled by court orders must be receipted to that fund unless otherwise designated by court order . . .

(l) Interest from the investment of public funds may not be paid personally or for the benefit of any public officer."

IC 5-13-9-7 provides "Investments made in accordance with section 3(a)(1) of this chapter and the interest earned or accrued on them are public funds as the term is defined in IC 5-13-4 and are covered by the insurance fund."

The following additional specific restrictions apply to school corporation investments. Any interest income derived from an investment, which includes money from the proceeds of a bond sale or Veterans' Memorial Fund Loan in a Construction Fund, or money from a Levy Excess Fund, Repair and Replacement Fund or any special funds which include federal monies, shall be deposited to that specific fund. Also, any local governmental unit or political subdivision may apply the interest earned from the investment of the proceeds derived from any bonded indebtedness, the Debt Service Fund IC 5-13-9-6. Thus providing an option in the instance of investing the proceeds of a bond sale which was receipted to the Construction Fund. Interest on such an investment will be receipted to the Construction Fund unless the treasurer is directed to place the interest in the Debt Service Fund to be applied toward the redemption of the bonds and coupons.